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SACRAMENTO MUNICIPAL UTILITY DISTRICT ☐ P. O. Box 15830, Sacramento CA 95852-1830, (916) 452-3211
AN ELECTRIC SYSTEM SERVING THE HEART OF CALIFORNIA

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CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, Ca 95814
Attn.: Mr. Rick Brietenbach

Subject: CALFED Bay-Delta Program Draft Programmatic Environmental Impact Statement / Environmental Impact Report (EIS/EIR)

Dear Mr. Brietenbach,

The Sacramento Municipal Utility District (SMUD) is the largest Central Valley Project (CVP) power customer, providing not only payments into the Restoration Fund but repayment of the CVP plant-in-service and all operations and maintenance costs allocated to CVP power. SMUD has significant financial interest in the prudent management of the CVP facilities. SMUD has concerns regarding the policies and programs under development by CALFED to modify the operations and facilities of the CVP. For the reasons stated below, SMUD believes the draft EIS/EIR is inadequate as released and requires substantial revision to meet the requirements of CEQA and NEPA. SMUD wants to work with CALFED to accomplish these revisions in a revised draft EIS/EIR, and offers the following comments on the document.

Actions Proposed by CALFED

The extent of operational changes proposed for the CVP by CALFED are not clearly identified in the EIS/EIR, making adequate disclosure and mitigation of their impacts impossible. Given the large potential for adverse impacts to the power production of the CVP, SMUD asks that a revised draft EIS/EIR more clearly spell out the operational changes proposed, and ensure each is fully evaluated. Likewise it is unclear from in the EIS/EIR what construction or modification of existing physical facilities is to be covered in this EIS/EIR and which are to be covered in future documents. SMUD requests that a revised draft EIS/EIR provide this clarification and make any changes needed to the impact analysis and mitigation sections of the document.

> In Section 8.5.2.1 it is stated "Power plants, which may be modified, were identified..." Please elaborate which power plants were identified in this evaluation.

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The following sentence stating "changes in operation would be caused by..." does not give enough detailed information to compare the impacts that are identified in the subsequent pages.

The Dual Delta Conveyance facility described in Alternative 3 is an isolated conveyance facility intended to improve the through Delta conveyance of water. The EIS/EIR did not consider the various options in the sizing of this facility. It can be inferred that there are intentions to size the facility to match the capacity of the CVP and SWP facilities. This, however, is left unexplained and should be addressed in detail, as the size can impact project pumping and release requirements and thus impact CVP power production and consumption.

Analysis of Impacts on Power

As stated in Section 8.5, Power Production and Energy, CALFED will cause many significant impacts to power production and energy use. The DWRSIM model used to evaluate impacts of the alternatives on hydroelectric power uses monthly averages energy production as an impact indicator, and does not allow a detailed breakout of impacts to the CVP or State Water Project (SWP) facilities. Monthly averages are inadequate to quantify the potential for substantial reductions in the ability of CVP powerplants to continue peaking operations and otherwise optimize the value of available energy production.

Inability to estimate a credible allocation of impacts among the CVP and SWP further comprises the imact analysis and thus the adequacy of the EIS/EIR. In the EIS/EIR only two power analysis scenarios are analyzed. In these two scenarios either all the generation and pumping impacts are assigned to CVP or to the SWP. Both of these scenarios are the extreme ends of the spectrum and never will occur.

SMUD requests that CALFED meet with Western Area Power Administration and its power customers to develop supplemental information to the model output for inclusion in the revised draft EIS/EIR.

Section 8.5.2.2 identifies significance criteria that are used to evaluate the impacts on capacity, energy generation, production costs and related rates. The significance criteria states that impacts would only be significant and adverse if the CALFED alternative increased the cost of power to Western and power rates to be greater than the deregulated open-market. This assumption is unnacceptable to SMUD in that substantial rate increases to millions of electric consumers in California will result from the types of adverse impacts contemplated in the EIS/EIR regardless of comparison to a "market rate". SMUD proposes that any impact to Western power costs that are greater or equal to ten percent of the current costs is a significant impact. Reevaluation of the impacts should be

conducted using this as the significance criteria and included in the revised document.

In section 8.5.2.4, the statement is made: "By minimizing their production and replacement costs, power providers such as Western and DWR can delay rate increase for as long as possible." Western and DWR already minimize production and replacement costs as an on-going policy. Please delete this statement.

Section 8.5.2.4, SMUD is a preferred energy customer representing 30% of Western's load. SMUD's major concern is CALFED's impact upon the water operations and power generation features of the CVP. Significant impacts to Western include, and may not be limited to, an adverse impact on the CVP repayment capability if power rates were higher that other market options to customers and an increased composite energy rate. Following the implementation of the CALFED process, power marketed by Western may itself become too costly for the marketplace. If Western can not market its power, CVP rates could increase. If power rates increase, Western cannot pay off CVP debt.

In section 8.5.2.4, it is stated that the composite energy rate to Western would increase 108%. SMUD is very concerned about this statement and requests CALFED to provide additional documentation of how this estimate was obtained, and how such a severe impact can be mitigated. The reduction of the resource power base for the Western customers is considered a minor impact in the EIS/EIR. SMUD fells that the loss of a major resource base be considered a major impact that should be addressed accordingly.

The EIS/EIR analysis assumes that 340,000 AF will continue be released to the Trinity River for instream uses. However, the upcoming Trinity River Restoration EIS will most likely assume a higher amount of flow to be released into the Trinity River, (636,000 acre feet per year). Please revise the EIS/EIR analysis accordingly to reflect potential future Trinity River operation scenarios.

Mitigation

SMUD supports mitigation that will positively influence the ability of Western to continue to sell power at reasonable rates to the CVP preferred customers. After the upcoming discussions among CALFED, Western, and Western customers have clarified the extent of the proposed action and improved the power impact analysis, the parties should agree upon additional measures that will mitigate impacts to power generation.

SMUD supports the three identified mitigation measures in Section 8.5.2.6.

Within the constraints of other power project purposes, the timing of water releases, CVP reservoir storage and afterbay operation should continue to be used to optimize the amount and timing of CVP hydropower generation so as to provide optimal power benefits where possible.

SMUD looks forward to working with CALFED to make the improvements to the draft EIS/EIR identified above, and to develop reasonable as well as equitable solutions to restoration of the Bay/Delta. Please contact me or Paul Olmstead at 916/732-5716 to begin work on the EIS/EIR revisions SMUD requests.

Sincerely,

Brian Jobson
Principal Power Contract Specialist

cc:
Earl Nelson, WAPA
Barry Mortimeyer, RW Beck

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